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Weekly Contributions

[REDACTED] CRE, CIA
4 April 1950

Of the items reported this week, [REDACTED] finds one -- that on anti-US feeling in Bolivia (p. 2) -- of particular interest.

CURRENT DEVELOPMENTS

NORTHERN AREA: Unrest among Mexican railway workers is being exploited by the Communists (p. 2).

CENTRAL AREA: In Venezuela, the government is attempting to win labor's confidence (p. 2).

SOUTHERN AREA: In Bolivia, disappointment over failure to receive US economic aid has increased anti-US feeling (p. 2). [REDACTED]

[REDACTED] In Peru, Odria's presidential campaign is meeting with increased resistance (p. 3). In Argentina, despite its recent victory in four provincial elections the administration continues gradually to lose political strength (p. 4).

SPECIAL SUBJECTS

The Current Situation in Surinam 5

The Current Situation in Haiti 7

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Weekly Contributions,
(CIA Working Paper)

4 April 1950

1. MEXICO: Unrest Among Railway Workers

Unrest and dissension in the Sindicato de Trabajadores Ferrocarrileros (railroad workers) are, as charged by pro-administration forces, being stirred up and exploited by the Communists. Communist leaders, by supporting these long-standing political and economic grievances, have attracted a substantial following in the Sindicato. Its pro-government Executive Committee, recognizing the possibility of unrest being turned to UGOCLM-Communist advantage, is now bargaining with the government to submit to the economic demands of the dissidents. estimates that the government and Executive Committee will succeed in "taking the wind out of the sails" of the Communist agitators by a general wage increase in the near future.

25X1

2. VENEZUELA: Petroleum Strike Averted

The governing junta has averted a threatened industry-wide strike of Venezuelan petroleum workers by granting unexpectedly liberal concessions to labor. In a conference 29 March between the junta and union representatives, the labor leaders agreed to halt the strike machinery set in motion 25 March when they filed the prescribed 120-hour strike notice. The junta in turn has agreed to lift the restrictions imposed in the western oil fields 28 March (i.e., closing of syndicate headquarters, prohibition of syndicate activities, and detention of labor leaders); to consider the possibility of asking the companies to continue informal discussion of wage scales and commissaries; to issue a decree upholding the grievance procedure provided in the collective labor contracts (a procedure which had recently been nullified by a decision of the Second Superior Labor Court); and to uphold any court decision favorable to labor's right to introduce demands.

The appeasement of labor implicit in the government's concessions appears to exceed the immediate requirements of the situation. If the government's only purpose had been to prevent a strike, the steps previously taken (the declaration that such a strike would be illegal, and the detention of labor leaders) would probably have been sufficient. However, it is apparent that the junta is no longer satisfied to depend solely upon repressive measures in dealing with labor problems; and, fearing labor unrest due to unemployment, and perhaps looking ahead to elections, the junta is attempting to win the confidence of labor. On the other hand, as long as the junta insists upon keeping the labor organizations decentralized, it will be difficult to dispel their hostility towards the government.

3. BOLIVIA: Anti-US Feeling Increases

Disappointment over failure to receive additional US economic aid during recent months has increased anti-US feeling in

SECRET

25X1

Weekly Contributions, []
(CIA Working Paper)

4 April 1950

Bolivia. This feeling was illustrated by the sharp reaction of the Bolivian press to Assistant Secretary Miller's recent Philadelphia speech. Ever since the beginning of Bolivia's current economic crisis, Bolivian officials have encouraged the public to look to US aid rather than to measures that might be taken by Bolivia itself. The Foreign Minister even dreamed up a "Miller Plan" as a suggested Latin American counterpart to ECA [] Wkly, 21 Mar 50). Consequently, public hopes had been built up to an exaggerated degree prior to Mr. Miller's speech. While the immediate reaction has been one of somewhat angry disappointment, the ultimate effect could be to put US-Bolivian relations on a sounder basis than would have been possible had the Bolivian public persisted in its very unrealistic hopes for US aid.

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5. PERU: Odría's Presidential Campaign Meets With Increased Resistance
Odría's presidential campaign is meeting with increased resistance. Various political groups and military elements vigorously oppose Odría's arrangements for the election scheduled 2 July 1950 and especially his delay in resigning from office as required by the Constitution [] Wkly, 7 Mar and 17 Jan 50). Disunity among Odría's own followers has also become apparent; and a substantial portion of the electorate, already restricted by the disenfranchisement of the Apristas, evidently intends to abstain from voting. Further, Odría has not yet obtained the support he expected from the Unión Revolucionaria, the largest legal party. Because of these difficulties, he may be forced to hand over his office to some trustworthy colleague some time in advance of the elections and possibly even to postpone them. In any case, political conditions can be expected to become considerably more unsettled prior to elections. Nevertheless, as long as Odría retains the support of the majority of the armed forces and of influential groups such as the "Independent" Senators, his chances of election are still quite good.

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25X1

Weekly Contributions,
(CIA Working Paper)

4 April 1950

6. ARGENTINA: Provincial Elections

The most recent evidence that the gradual loss of political strength by the Perón administration is continuing is found in the slight losses in voting strength sustained by Peronista candidates in four recent provincial elections. Even though administration candidates won these elections, the administration -- which remains vulnerable to the loss of vital labor support -- may be expected to continue to try to reverse the declining trend, perhaps more vigorously than before, in anticipation of the presidential elections of 1952.

25X1

Weekly Contributions,
(CIA Working Paper)
Situation Memorandum 18-50

4 April 1950

The Current Situation in Surinam

(Summary -- Under the new interim constitution of 20 January 1950, Surinam now has the right to manage its own domestic affairs. The economic outlook appears less favorable. The Dutch army garrison and small force of native policemen continue to be of no military importance. There has been no movement of a leftist or other subversive character. Surinam's efforts to obtain membership in the United Nations Economic Commission for Latin America (ECLA) are being encouraged by the home government.

-- US security interests have not been affected by recent developments in Surinam.)

Political

The most important development in recent months was the promulgation (20 January 1950) of a new interim constitution for Surinam. The bill, as finally approved by the Surinam Staten and the Netherlands Staten General, omits the provision requiring mandatory public support of private schools which aroused such controversy when the draft bill was first submitted for Surinam's approval in July 1949 Wily, 1 Nov 49).

25X1

The new constitution is an "interim order" since present plans envisage an eventual change in the legal relationships of the Netherlands and its Western Hemisphere possessions. Now that the settlement with Indonesia has been concluded, the Netherlands can concentrate attention on the problem of relations with its Caribbean possessions. Indications are that the government of the Netherlands, adopting a "more enlightened approach" in its colonial policy, contemplates the creation of a New Kingdom which will include three "equal" partners -- the Netherlands, the Netherlands Antilles, and Surinam. The new constitution is a preliminary step in this direction. The definitive regulation of the structure of the Kingdom and its relationship, if any, with the Netherlands-Indonesian Union will be discussed at a round table conference scheduled for July.

Meanwhile, under the terms of the interim arrangement, Surinam gets the right to manage its own domestic affairs, with the Netherlands government continuing to administer matters relating to foreign relations, defense and trade with the rest of the empire. Responsibility for government, which formerly rested solely with the Crown-appointed Governor is now shared by the Governor and a cabinet composed of at least nine ministers. The constitution provides for ministerial responsibility to a Staten of twenty-one members elected directly by the people. In addition, there is a provision for the appointment by the Governor of a five-man advisory council, charged with giving advice

~~SECRET~~

25X1

Weekly Contributions,
(CIA Working Paper)
Situation Memorandum 18-50

- 2 -

4 April 1950

relative to laws proposed by the Governor or the cabinet, decrees of the Governor, and all other matters on which its opinion may be requested.

Economic

The economic condition of Surinam appears less favorable than it did five months ago. It is possible that production at the largest of the three bauxite mines will be reduced by one third in 1950 because of decreased US demand. If this happens, the loss of dollar income resulting from decreased exports will have an adverse effect on the country's economy, but no serious unemployment situation may be expected since the mines are so mechanized that even at the peak of production they employ less than 3,000 natives. Even if there is a cut-back in production, it is not likely that it will be a lasting one in view of the fact that aluminum has now been put on the US list of strategic materials for stockpiling beginning July 1950.

The output of gold (the one other mineral of importance) continues to decline in spite of the government bonus for every gram produced. The economic outlook is somewhat more favorable for the main agricultural export, rice, but even here the current low price of rice in the world market is not a source of encouragement to Surinam producers. In two of the smaller industries -- citrus fruit and timber and plywood -- the adverse effects of the devaluation of the Netherlands guilder will continue to be felt for some time. These industries were the hardest hit by this devaluation, since they depend almost exclusively on the Netherlands market.

Military

The small Dutch army garrison in Paramaribo and the very small native police force continue to be of no political or military significance.

Subversive

No movement of a leftist or other subversive character is known to exist in Surinam.

International

Surinam does not carry on international relations, since all matters relating to its foreign affairs are administered by the Netherlands government. Surinam has expressed interest in membership in the United Nations Economic Commission for Latin America (ECLA), however, and at the 1949 meeting of that body in Havana the Dutch delegate officially requested the inclusion of Surinam in the Commission. (Although at present no colonial possessions are members of ECLA, dependent territories are allowed under the terms of reference of the Commission to become associate members with no voting privileges.) Through such membership, Surinam hopes to obtain the advantages of any technical studies which may be made by ECLA and also foreign scholarships for Surinam technicians.

The people of Surinam continue to be favorably disposed toward the US.

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Weekly Contributions,
(CIA Working Paper)
Situation Memorandum 19-50

4 April 1950

The Current Situation in Haiti

(Summary -- The Estimé regime is reasonably well in control of the political situation. Haiti experienced a relatively prosperous year during 1949 and the financial outlook is improving. The armed forces are loyal. Communist activity is at a standstill. Friction with the Dominican Republic continues to dominate Haiti's international relations.

-- The fact that Haiti, in the face of Dominican interference in its internal affairs, resorted to the inter-American machinery and obtained some satisfaction is a gain for US security interests to the extent that relations between the two countries are improved.)

Political

The Estimé regime is reasonably well in control of the political situation. Following the November student strike, effective opposition was suppressed while revelation of a Dominican-supported plot to assassinate government leaders last December won new adherents for the administration. In January, when a new Chamber of Deputies was elected, the government's "official" candidates were virtually unopposed. The administration's prestige has also been increased by the International Exposition, a source of national pride. Army leaders, whose support is necessary for Estimé's continuance in office, are cooperating fully with the president. estimates that the government's stability has been improved and that the political situation will remain calm during the coming months.

25X1

Economic

Haiti experienced a relatively prosperous year during 1949. Concurrent with generally accelerated commercial activity, employment increased and wages rose. The only noteworthy adverse features in the economic situation have been lower prices for cacao and bananas and the resultant serious curtailment of production of these commodities. Shipments of bananas, for example, at one time Haiti's second export crop, declined from 7 million stems in 1947 to just over 2 million stems during the past year, and the downward trend is continuing. With the exception of bananas and cacao, however, the outlook for the production and disposal of Haiti's export commodities during the current fiscal year is favorable. Shipments of the two principal export crops, coffee (\$3.7 million) and sisal (\$9.5 million), represented an increase in value of 28 percent and 15 percent, respectively, over 1948 as a result of favorable weather and marketing conditions. It is anticipated that the larger-than-average 1949-50 coffee crop will be sold at advantageous prices, and the market for Haiti's slowly expanding sisal production appears firm. The

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SECRET

25X1

Weekly Contributions,
(CIA Working Paper)
Situation Memorandum 19-50

- 2 -

4 April 1950

International Exposition, while it probably will not be a financial success, has contributed to the prosperity of the country by creating jobs, stimulating tourism, and effecting permanent and necessary improvements in the capital city. Despite the above-average number of tourists, the cost of living has shown a slight downward tendency during recent months. International trade was carried on at the same high level as in the preceding year. Because of increased domestic consumption, the volume of exports was somewhat reduced although their value remained steady at \$31 million. Import prices were slightly more favorable to Haiti than in 1948, and the value of merchandise imported fell from \$32.2 million in 1948 to \$31.4 million. Foreign currency holdings appear adequate and no exchange difficulties are expected.

The financial outlook for the country is improving. The International Exposition, which heretofore constituted a heavy drain (about \$6 million) on the hard-pressed treasury, is now practically completed. Although government expenditures exceeded by \$2 million record receipts of \$16.6 million, these expenditures included over \$2 million for debt amortization. The 1949-50 budget is the largest in the country's history, and it is estimated that government revenues will continue at their present high level during the current year. There are no factors in the present situation which are likely, during the next few months, to impair seriously the generally favorable economic outlook.

Military

The armed forces are, as a whole, loyal to the administration and capable of maintaining internal order under ordinary circumstances. Officer morale in the army and air force has been improved by promotions effected under an increase in the authorized officer complement of both services. The coast guard is benefiting from a much needed program of materiel maintenance and personnel training under the guidance of the newly installed US Naval Mission.

A basic defect in the military establishment, which has become more prevalent of late, is the involvement of civilian politicians in the country's arms procurement program. As a result, the limited funds available for this purpose are not being used to the best advantage.

Subversive

Although Communism has been officially outlawed in Haiti since early 1948, a small Communist Party (the PSP) was tolerated until President Estimé suppressed it for fomenting political disturbances last November. The dissolution of the Party and suspension of its once influential newspaper has put an end to overt Communist activity in Haiti. believes that Communism, which has never attracted significant popular support in Haiti, will not be resuscitated for at least some time.

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25X1

Weekly Contributions,
(CIA Working Paper)
Situation Memorandum 19-50

- 3 -

4 April 1950

International

Friction with the Dominican Republic continues to be Haiti's primary international concern. US efforts to foster a resumption of amicable relations were nullified by Dominican complicity in the December plot to overthrow the Haitian government. OAS action following Haiti's complaint in this connection will probably discourage further Dominican interference in Haiti's internal affairs for the time being. However, Haiti continues to regard its neighbor with traditional distrust.

The International Exposition has earned for Haiti a certain amount of prestige abroad, particularly among other Latin American countries. The inaugural ceremonies were featured by numerous friendly gestures on the part of France toward its former colony, and the Haitians responded with wholehearted demonstrations of sentimental affection for the "mother country".

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